

## PROTECTION FOR AGRICULTURAL STAPLES.

DECEMBER 17, 1900.—Laid on the table and ordered to be printed.

Mr. BUTLER presented the following

MEMORIAL TO THE SENATE OF THE UNITED STATES, BY DAVID LUBIN, IN BEHALF OF THE STATE GRANGES OF CALIFORNIA, OREGON, ILLINOIS, WASHINGTON, MISSOURI, VIRGINIA, AND PENNSYLVANIA, DEMANDING PROTECTION FOR AGRICULTURAL STAPLES BY A BOUNTY ON EXPORTS AS PART OF AN ACT FOR THE PROTECTION OF SHIPPING BY SUBSIDIES.

### THE SUBSIDY SHIPPING BILL AND THE INFLUENCE OF ITS OPERATION ON AGRICULTURE.

The advocates of the subsidy shipping bill claim the following:

First. That it is intended to protect American shipping against the competition of foreign ships.

Second. That this protection is intended to diminish and eliminate the employment of foreign ships in our foreign carrying trade and to give this trade to American ships.

Third. That thus will be built up a great American merchant marine.

Fourth. That all this will be of service to this nation by keeping at home large sums now paid to foreign ships; by the employment of American capital and labor in the building and manning of American ships; by supplementing the strength of the Navy in the training of American seamen, and in the use of merchant ships in time of war.

That these claims warrant attention is evident, but that they are conclusive is not so evident, as will be shown.

Setting aside all other arguments for the time being, it is the purpose of this article to limit the discussion to the influence which the operation of this bill is likely to have on agriculture.

The volume of production and the ratio of its exports indicate clearly that agriculture is the primary industry of this nation. And it is a well-known law in political economy that the volume of all secondary industries is dependent on the margin of profit of the primary industry. It must therefore and necessarily follow that whatever factors tend to strengthen the primary industry must at the same time tend to strengthen all the other industries, and that whatever factors tend to the injury of the primary industry must in turn tend to the injury of all other industries.

And in view of this it is evident that the proposed subsidy on shipping and its influence on agriculture is an important subject for our consideration, important in the degree of the influence which this bill is likely to exert on agriculture.

And right here it is proper to bear in mind that there are no other articles of merchandise so peculiarly and powerfully influenced in their home and export prices as are the staples of agriculture. To illustrate: A merchant, say, has 10,000 dozen pocketknives on hand, which cost him \$1 a dozen. Now, let him consign 10 dozen to Liverpool, and let these only bring 75 cents a dozen. Would this compel the merchant to reduce to a loss of 25 cents on each dozen of the remaining 9,990 dozen on hand? Not at all; for pocketknives are not sold at a world's price, but at local valuations. But with the staples of agriculture it is different. Whatever decline there may be in the world's price in selling 10 bushels of wheat or 10 pounds of cotton will influence the farmer's price for the 9,990 bushels of wheat or the 9,990 pounds of cotton he may still have on hand. And so we see in this a marked difference between agricultural staples and all other merchandise, in so far as certain factors affect their prices.

Among the principal factors which operate to advance or decline the prices of agricultural staples there is none more potent than the price of ocean freight. To illustrate: A Liverpool buyer in our market desires, say, to land wheat in Liverpool at \$1 a bushel. Should the ocean freight be 1 cent a bushel to Liverpool, the exporter will deduct 1 cent from the Liverpool price for freight. Should the freight be 5 cents or 10 cents or 20 cents a bushel, the exporter will deduct 5 cents or 10 cents or 20 cents a bushel. Now, let it be observed that the more the exporter deducts the less the farmer will receive, not alone for the quantity which the farmer then sells, but for all the remainder which the farmer may then have on hand, whether it is to be exported or whether it is to be sold for home use.

It follows, therefore, that no other industry whatever can be so powerfully affected by the action of the proposed subsidy to shipping than can the staples of agriculture. A decline of 5 cents per hundred in the price of ocean freight means an advance to the farmer of 5 cents per hundred on all of his unsold products. An advance of 5 cents per hundred on ocean freight means a decline to the farmer of 5 cents per hundred on all his unsold products.

Now that the matter has been clearly defined, the question properly presents itself: Will the proposed subsidy to shipping tend to decrease the price of ocean freights, or will it tend to increase it? That this subsidy shipping measure is not intended to decrease ocean freight charges is evident, for its main purpose is not to do the foreign carrying trade at the "pauper" labor rates of foreign competitors, but the driving away of these competitors so as to permit the protected shipowner to raise ocean freights high enough to enable them, as they claim, to pay their sailors "protected American wages," and incidentally earn for themselves, in increased profits, the reward of "protected" American capital.

Is there any misstatement here? If so, it will be in order for the advocates of the subsidy bill to explain it, for these are among the reasons they give for the passage of their bill. Not, indeed, that they intend to raise the price of ocean freights; oh, no. This is by them stoutly denied. In some mysterious way ocean freights are to decline,

and again, profits, in some other mysterious way, are to go up, in order to reward capital and labor on the line of the water mark of high protection.

Now, will this subsidy measure raise or will it lower ocean freights? This is the question which every statesman in Congress will no doubt put to himself. He will no doubt not overlook the fact that a general advance of, say, 10 per cent in ocean freights means a corresponding loss to the farmers of the nation on all the corn, cotton, wheat, hops, tobacco, meat products, and on all other agricultural staples, whether these are to be exported or whether sold for use in the home market. This point is highly significant.

There is yet one other and very important consideration which will no doubt be given this subsidy bill, and that is, What action will be possible by the shipping men when once they succeed in driving away foreign competition to an extent which would place the price fixing for ocean freight into their own hands?

Granted that this is a possibility, and what must we further grant? This, that it would be the most dangerous power ever given by legislation into the hands of men eager for money. With power to raise and lower ocean freights at will, they would have the power to raise and lower the home price of several billion dollars' worth of agricultural staples at any and at all times. Such a power would impoverish the farmers of this nation and destroy the Republic.

There is yet one more consideration which the merits of the case deserve to have brought forward. We find that the shipowners and shipbuilders are working with great zeal for the adoption of their measure, urging its passage on the score of its utility to this nation. But we believe that there is just ground for doubting their sincerity in the matter. Decidedly so, if we are to judge from their former statements. By referring to the Philadelphia papers of July 31, 1895, it will be seen that at a convention in that city, at which almost all the Atlantic coast shipowners and shipbuilders were present, they unanimously passed resolutions condemning the protection of shipping at the expense of agriculture. Their chief spokesman, Mr. Charles H. Cramp, then said that shipping should only be protected when in the same bill there should likewise be provided protection for the staples of agriculture. Accordingly there was a resolution passed unanimously for the joint protection of shipping and of agricultural staples by a bounty on exports.

Realizing the inequality and the economic unsoundness of protecting shipping at the expense of agriculture, Mr. Cramp then said: "When we went to Congress and asked a bounty for ourselves we committed a grave error, and I am going to do all I can to repair it." These remarks were applauded to the echo, and yet we find that in the face of all this the shipping men are now striving with all zeal and vehemence to do just what they previously condemned as an injustice and an economic wrong.

In view of these several presentations, it now remains to be considered whether in an attempt at protecting shipping this protection act is not likely to seriously injure the primary industry, agriculture. Having come to the conclusion that this is very likely to be the case, it will not be difficult for the statesman to decide as to his duty in the matter.

